SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

1999 ANNUAL REPORT

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

BOARD OF DIRECTORS

Honourable Eric Cline, Chairperson
Honourable Keith Goulet, Vice-Chairperson
Honourable Clay Serby

OFFICERS

Mr. Don Axtell
General Manager

Mr. John Amundson
Treasurer

Ms. Dawn Stanger
Secretary

INVESTMENT MANAGEMENT

Greystone Capital Management Inc.

INVESTMENT CUSTODIAN
Saskatchewan Development Fund

Royal Trust

GENERAL INQUIRIES TELEPHONE NUMBERS

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SASKATCHEWAN DEVELOPMENT FUND CORPORATION AND SASKATCHEWAN DEVELOPMENT FUND

ANNUAL REPORT

For the Year Ended

December 31, 1999

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
February 21, 2000

To Her Honour
The Honourable Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the annual reports of the Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund for the year ended December 31, 1999, in accordance with **The Saskatchewan Development Fund Act, 1974**. The financial statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,

Eric Cline
Minister Responsible
Saskatchewan Development Fund Corporation

ANNUAL REPORT

OF

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

FOR THE YEAR ENDED

DECEMBER 31, 1999

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

HISTORY AND CURRENT HIGHLIGHTS - 1999

The Saskatchewan Development Fund Corporation (the Corporation) was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund (the Fund), an open-end investment trust. The Corporation initially managed the affairs of the Saskatchewan Development Fund and in return received management fees and sales charges from the Fund in exchange for the Corporation's services.

In 1976, the Corporation expanded its operations to include an annuity business which offered several different types of annuities to the public. These annuities included term-certain annuities for those wishing to receive a retirement income, Income Averaging Annuity Contracts (IAAC's) during the period of time when these annuities were popular and general annuities for those desiring an investment vehicle with combined savings and growth potential. The Corporation has annuity liabilities extending to the year 2013, although most of the annuities matured in 1996.

The Corporation continues to manage the affairs of the Saskatchewan Development Fund although it no longer offers annuities to the public. In 1985, the Corporation moved its operations to the offices of Crown Investments Corporation of Saskatchewan (CIC) and is now administered by the Saskatchewan Development Fund Corporation's Board of Directors through the use of staff and facilities provided by CIC.

In 1988, the Corporation entered into an agreement with Greystone Capital Management Inc. (Greystone) to provide investment counsel with respect to the Corporation's investment activities. The Corporation has provided Greystone with a statement of investment policies and guidelines which were designed to provide optimum investment returns.

At December 31, 1999, the present value of the Corporation's annuities payable is $1.0 million on 68 outstanding annuity contracts compared to an annuity liability of $1.2 million on 74 annuity contracts at December 31, 1998. The annuity liability and the number of contracts outstanding has decreased steadily since their highest level in 1981 when the annuity liability reached $36.7 million on more than 700 annuity contracts.

The Corporation's net earnings in 1999 of $59.0 thousand compare to net earnings in 1998 of $49.3 thousand, an increase of $9.7 thousand. The modest increase in income is due mainly to decreased administration expenses and decreased annuity interest expense. As well, interest and fund management revenue decreased due to the smaller asset base as annuities mature.

Total assets in 1999 are $3.2 million compared to $3.3 million in 1998. The Corporation's loans receivable and investments exceed the annuity liability at December 31, 1999 by more than $2.0 million. As a result, the Corporation has an adequate level of investments to provide for future obligations. A complete list of the Corporation's investments at December 31, 1999 is on page 13.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management has prepared the financial statements of the Saskatchewan Development Fund Corporation (the Corporation) in accordance with generally accepted accounting principles applied on a consistent basis with that of the previous year. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which these financial statements were prepared.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfil this responsibility, the Corporation maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Corporation.

As appointed by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan, Hill McKillop, the Corporation's external auditors, have reviewed the systems of internal control and examined the financial statements in accordance with generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

On behalf of the Saskatchewan Development Fund Corporation,

Don Axtell
General Manager

February 21, 2000

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Development Fund Corporation as at December 31, 1999 and the statements of operations and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Hill McKillop

Regina, Canada
February 4, 2000

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF FINANCIAL POSITION

As at December 31

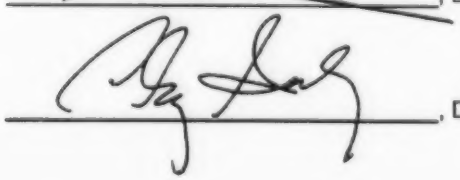
	1999	1998
ASSETS		
Current Assets		
Cash and short-term investments (Note 3)	$ 106,105	$ 203,172
Interest receivable	15,004	17,424
Mortgage receivable	236,497	-
Due from Saskatchewan Development Fund	-	1,014
	357,606	221,610
Capital assets (Note 4)	23,223	2,205
Investments (Note 5)	2,790,576	3,033,366
	$ 3,171,405	$ 3,257,181
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Accounts payable	$ 11,743	$ 12,014
Due to Saskatchewan Development Fund	5,687	-
Current portion of annuities payable (Note 6)	120,000	130,000
	137,430	142,014
Annuities payable (Note 6)	930,816	1,071,048
	1,068,246	1,213,062
Province of Saskatchewan's Equity		
Equity advances (Note 7)	1,150,000	1,150,000
Reinvested earnings	953,159	894,119
	2,103,159	2,044,119
	$ 3,171,405	$ 3,257,181

Contingencies (Note 8 and Note 12)

(See accompanying notes)

On behalf of the Board:

_____, Director



_____, Director

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF OPERATIONS AND REINVESTED EARNINGS

For the Year Ended December 31

	1999	1998
Revenue		
Investment	$ 232,255	$ 237,514
Fund management fees (Note 9)	59,981	68,787
Gain on disposition of investments	3,138	5,044
	295,374	311,345
Expenses		
Interest - annuities	141,191	160,757
Administrative	95,143	101,281
	236,334	262,038
Net earnings	59,040	49,307
Reinvested earnings, beginning of year	894,119	844,812
Reinvested earnings, end of year	$ 953,159	$ 894,119

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	1999	1998
Operating Activities		
Net earnings	$ 59,040	$ 49,307
Add (deduct) non-cash items		
Amortization of discounts and premiums	(108,114)	(61,138)
Amortization of capital assets	1,102	1,102
Gain on disposition of investments	(3,138)	(5,044)
	(51,110)	(15,773)
Net change in non-cash working capital balances related to operations (Note 10)	8,850	26,757
Cash (used in) provided by operating activities	(42,260)	10,984
Investing Activities		
Purchase of investments	-	(1,710,539)
Purchase of capital assets	(22,120)	(3,307)
Proceeds from sale of investments	105,096	1,697,349
Collection of principal on mortgages	12,449	12,901
Cash provided by (used in) investing activities	95,425	(3,596)
Financing Activities		
Repayment of annuities payable	(150,232)	(153,755)
Cash used in financing activities	(150,232)	(153,755)
Net decrease in cash during the year	(97,067)	(146,367)
Cash and short-term investments, beginning of year	203,172	349,539
Cash and short-term investments, end of year	$ 106,105	$ 203,172

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

1. Significant Accounting Policies

The Saskatchewan Development Fund Corporation's (SDFC) accounting policies are in accordance with generally accepted accounting principles. The following are considered to be significant:

a) Short-term investments

Short-term investments are carried at cost which approximates their quoted market value.

b) Amortization of capital assets

Amortization on computer equipment is calculated on a straight-line basis over three years.

Computer software-under-development will be amortized beginning January 1, 2000 on a straight-line basis over two years.

c) Investments in bonds and debentures

Investments in bonds and debentures are carried at amortized cost. Discounts and premiums in excess of $1,000 are amortized to income using the straight-line method over the remaining life of the investment.

d) Mortgages

Mortgages are carried at amortized cost.

e) Fair value of short-term financial instruments

Fair value of short-term financial instruments including:

i) Cash and short-term investments
ii) Interest receivable
iii) Mortgage receivable
iv) Due to (from) Saskatchewan Development Fund
v) Accounts payable
vi) Current portion of annuities payable

the carrying amounts approximate fair value due to their immediate or short-term maturity.

2. Status of the Corporation

SDFC was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund. In 1976, the Corporation also instituted an annuity business as part of its operations. The annuity operations are reflected in these financial statements. Effective January 1, 1986, the Corporation ceased to offer new annuities to the public.

SDFC has been designated by Order-in-Council as a corporation to which the provisions of **The Crown Corporations Act, 1993** apply. Accordingly, the financial results of the Corporation are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

SDFC is a Provincial Crown corporation and therefore is not subject to Federal or Provincial income tax.

3. Short-term Investments

Short-term investments consist of Government of Canada treasury bills and commercial bank deposits due on or before March 2, 2000 and carry an average interest rate of 4.96%.

4. Capital Assets

	Cost	Accumulated Amortization	1999 Net Book Value	1998 Net Book Value
Computer equipment	$ 3,307	$ 2,204	$ 1,103	$ 2,205
Computer software	22,120	-	22,120	-
	$ 25,427	$ 2,204	$ 23,223	$ 2,205

5. Investments

Description	1999 Amortized Cost	1999 Fair Value	1998 Amortized Cost	1998 Fair Value
Bonds and Debentures				
Canada 11.250%, Dec.15, 2002	155,813	170,175	$ 158,728	$ 184,275
Ontario Hydro 10.000%, May 10, 2009	400,638	420,600	400,703	443,000
Prince Edward Island 10.625%, Apr.18, 2004	250,000	286,875	250,000	312,375
Thomson Corp. 10.550%, May 10, 2001	200,237	211,130	200,404	223,230
Canada Zero Coupon $100,000, June 1, 1999	-	-	98,006	98,069
Canada Zero Coupon $150,000, June 1, 2000	146,988	146,547	139,707	140,127
Canada Zero Coupon $125,000, Dec. 1, 2000	121,878	118,312	114,330	114,036
Canada Zero Coupon $75,000, June 1, 2002	66,552	64,859	63,052	63,617
Canada Zero Coupon $50,000, Dec. 1, 2002	43,736	41,834	41,140	41,430
Canada Zero Coupon $150,000, June 1, 2003	126,701	120,486	119,876	121,310
Canada Zero Coupon $125,000, Dec. 1, 2003	103,856	98,118	97,663	98,623
Canada Zero Coupon $225,000, June 1, 2005	171,709	160,578	161,865	164,448
Canada Zero Coupon $200,000, June 1, 2006	145,023	131,282	136,452	138,740
Canada Zero Coupon $175,000, June 1, 2007	120,508	106,103	113,158	115,311
Canada Zero Coupon $285,000, June 1, 2008	185,342	167,802	173,608	177,669
Canada Zero Coupon $285,000, June 1, 2009	175,657	157,383	164,139	168,241

5. Investments - continued

Description	1999 Amortized Cost	1999 Fair Value	1998 Amortized Cost	1998 Fair Value
Bonds and Debentures				
Canada Zero Coupon $280,000, June 1, 2010	163,574	145,043	152,477	156,167
Canada Zero Coupon $150,000, June 1, 2011	83,572	72,845	77,752	78,788
Canada Zero Coupon $125,000, June 1, 2012	66,056	56,910	61,308	61,848
Canada Zero Coupon $125,000, June 1, 2013	62,736	53,468	58,094	58,488
	2,790,576	2,730,350	2,782,462	2,959,792
Mortgages				
Montrose Mortgage Co. 5.800%, Dec.1, 1999	-	-	248,946	246,190
Equities				
Greystone Capital Management Inc. (Nil common shares (1998 - 1,623))	-	-	1,958	1,958
	-	-	1,958	1,958
Total Investments	$ 2,790,576	$ 2,730,350	$ 3,033,366	$ 3,207,940

5. Investments (continued)

a) Fair value of investment holdings

i) Federal and Provincial bonds, and corporate debentures

Bonds and debentures are valued at their recognized public exchange value at closing sale price on their valuation date.

ii) Mortgages

Mortgages are valued at their net present value determined by discounting future payments at current market rates.

6. Annuities Payable

	1999	1998
Annuities payable at various interest rates, repayable in monthly, quarterly, semi-annual and annual instalments until maturity	$ 1,050,816	$ 1,201,048
Less current portion	120,000	130,000
Long-term portion of annuities payable	$ 930,816	$ 1,071,048

SDFC has 68 outstanding annuities at December 31, 1999, with maturing dates ranging from 2000 to 2013. Total gross payments on remaining annuities are $1.7 million (1998 - $2.0 million) assuming all annuities run to maturity.

Fair value of annuities payable is determined by discounting future payments at current market rates. Fair value of annuities payable at December 31, 1999 is $1.4 million (1998 - $1.7 million).

Interest Rate Risk:

The Corporation has entered into long-term investments to match maturities of annuities payable with its asset portfolio. Therefore, the Corporation exposure to interest rate risk is insignificant.

7. Equity Advances

SDFC does not have share capital. However, SDFC has received equity advances from its parent CIC to form its equity capitalization. The advances reflect an equity investment in SDFC by CIC.

8. Contingent Liability

The Saskatchewan Development Fund Act requires that SDFC guarantee the difference between the market value of each shareholder's investment in the Saskatchewan Development Fund (the Fund) upon redemption and the value of the shareholder's original investment (net of initial sales charges) including accrued interest on the investment at an annual rate of 5%. This guarantee applies only if the market value of the shareholder's investment is lower than the guaranteed amount.

The guarantee liability under this provision throughout 1999 did not exceed the market value of any investment redeemed in the current year. Therefore, SDFC did not pay any amounts to the Saskatchewan Development Fund's redeemed shareholders in 1999 under this provision.

9. Fund Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1¼% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

10. Net Change in Non-Cash Working Capital Balances Related to Operations

	1999	1998
Decrease in interest receivable	$ 2,420	$ 34,091
Decrease (increase) in due from Saskatchewan Development Fund	1,014	(1,014)
Decrease in accounts payable	(271)	(4,197)
Increase (decrease) in due to Saskatchewan Development Fund	5,687	(2,123)
	$ 8,850	$ 26,757

11. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SDFC paid CIC $60,013 (1998 - $65,983) for accounting and technical services and lease of space under agreements between SDFC and CIC.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

12. Uncertainty Due to The Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

ANNUAL REPORT TO THE SHAREHOLDERS

OF

SASKATCHEWAN DEVELOPMENT FUND

FOR THE YEAR ENDED

DECEMBER 31, 1999

SASKATCHEWAN DEVELOPMENT FUND

HISTORY AND CURRENT HIGHLIGHTS - 1999

The Saskatchewan Development Fund (the Fund) was established in 1974 as an open-end investment trust (mutual fund) under **The Saskatchewan Development Fund Act**. Over the years, the Fund offered five types of investment accounts to the public. These were registered retirement savings plans (RRSP's), registered home ownership savings plans (RHOSP's), deferred profit sharing plans (DPSP's), registered retirement income funds (RRIF's) and regular shareholder accounts. Currently, the Fund administers only RRSP's and regular shareholder accounts.

In 1983, the Fund discontinued the sale of new shares to the public and became a discontinued open-end mutual fund. Since 1983 administration of the Fund has been focused on meeting the expectations of the Fund's clientele and on the orderly wind-down of the Fund's operations. During 1994, the Corporation engaged Royal Trust to act as custodian of the Fund's investments for a fee. All of the Fund's investments are in Royal Trust's custody.

The Fund experienced a slight increase in share value during 1999. The Fund's share value closed 1999 at $9.09 per share, compared to $9.07 per share at December 31, 1998. 1999's fund performance was hampered by a poor performance by the Canadian bond market during the year. Declines in the bond market were offset by the continuing high performance of the Canadian stock market. As a result the fund returned a modest profit for its investors.

The Fund's earnings decreased $68.7 thousand (or 21.8%) in 1999 to $246.0 thousand from $314.7 thousand in 1998. The decrease is due to the Fund's diminishing client base. During 1999, the Fund provided a 4.07% rate of return to the shareholders compared to a three year average return of 7.60% and a five year average return of 10.48%.

The net assets of the Fund at December 31, 1999 are distributed to shareholders by type of account as listed below with comparative figures at December 31, 1998.

	December 31, 1999			December 31, 1998		
	Market Value	%	Number of Investors	Market Value	%	Number of Investors
Retirement Savings Plan	$ 4,320,765	69.8	128	$ 5,486,407	72.1	172
Regular Accounts	1,869,189	30.2	127	2,127,377	27.9	167
	$ 6,189,954	100.0	255	$ 7,613,784	100.0	339

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

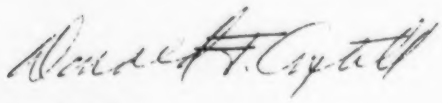
Management of the Saskatchewan Development Fund Corporation has prepared the financial statements of the Saskatchewan Development Fund (the Fund) in accordance with generally accepted accounting principles applied on a consistent basis with that of the previous year. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which these financial statements were prepared.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfil this responsibility, the Fund maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Fund.

As appointed by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan, Hill McKillop, the Fund's external auditors, have reviewed the systems of internal control and examined the financial statements in accordance with generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

On behalf of the Saskatchewan Development Fund,



Don Axtell
General Manager
Saskatchewan Development Fund Corporation

February 21, 2000

AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of assets and liabilities of the Saskatchewan Development Fund as at December 31, 1999 and the statements of change in net assets and realized gain on sale of investments and operations for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Development Fund as at December 31, 1999 and the results of its operations and the changes in net assets for the year then ended in accordance with generally accepted accounting principles.

Hill McKillop

Regina, Canada
February 4, 2000

Chartered Accountants

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF ASSETS AND LIABILITIES

As at December 31

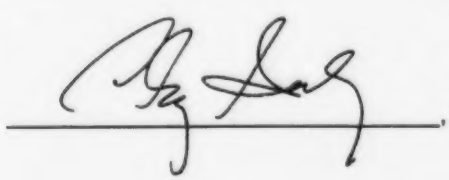
	1999	1998
ASSETS		
Investments at market value (Note 3)	$ 4,891,706	$ 6,325,939
Cash and short-term investments (Note 4)	1,323,729	1,423,229
Interest receivable	53,525	68,668
Dividends receivable	1,734	2,369
Due from Saskatchewan Development Fund Corporation	5,687	-
	6,276,381	7,820,205
LIABILITIES		
Payable for shares redeemed	71,942	184,890
Due to Saskatchewan Development Fund Corporation	-	1,014
Other accounts payable	14,485	20,517
	86,427	206,421
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY (Note 6)	$ 6,189,954	$ 7,613,784
680,849 shares (1998 - 839,856 shares) (Notes 5 & 6)		
NET ASSET VALUE PER SHARE (Note 7)	$ 9.09	$ 9.07

CONTINGENCIES (Note 11)

(See accompanying notes)

On behalf of the Board:

_____, Director



_____, Director

SASKATCHEWAN DEVELOPMENT FUND

STATEMENTS OF CHANGE IN NET ASSETS AND REALIZED GAIN ON SALE OF INVESTMENTS

For the Year Ended December 31

	1999	1998
CHANGE IN NET ASSETS		
Net assets at beginning of year	$ 7,613,784	$ 7,855,692
Net earnings for the year	246,050	314,707
Net realized gain on sale of investments	154,466	635,985
Net unrealized (depreciation) of investments	(149,723)	(420,268)
	7,864,577	8,386,116
Less:		
Amounts paid for shares redeemed	1,674,623	772,332
Net assets at end of year	$ 6,189,954	$ 7,613,784
Net asset value per share	$ 9.09	$ 9.07
REALIZED GAIN ON SALE OF INVESTMENTS		
Proceeds from sale of investments	$ 15,177,806	$ 12,015,802
Cost of investments sold during the year*	15,023,340	11,379,817
Realized gain on sale of investments	$ 154,466	$ 635,985
***Cost of Investments Sold During the Year**		
Cost of investments at beginning of year	$ 5,917,681	$ 5,488,602
Cost of investments purchased during the year	13,738,831	11,808,896
	19,656,512	17,297,498
Cost of investments at end of year	4,633,172	5,917,681
Cost of investments sold during the year	$ 15,023,340	$ 11,379,817

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

STATEMENT OF OPERATIONS

For the Year Ended December 31

	1999	1998
Revenue		
Interest	$ 310,447	$ 383,769
Dividends	16,707	21,672
	327,154	405,441
Expenses (Note 8)		
Management fees (Note 9)	59,982	68,787
Investment management fees	5,317	6,351
Custodial fees	15,805	15,596
	81,104	90,734
Net earnings for the year	$ 246,050	$ 314,707
Net earnings per share (in cents)	33.5	35.6

(See accompanying notes)

SASKATCHEWAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

1. Significant Accounting Policies

Valuation of investments

The Saskatchewan Development Fund's investments are recorded at market value determined as follows:

Securities listed upon a recognized public exchange are valued at their closing sale price on the valuation date.

Securities not traded on that date are valued at a price between the latest closing recorded asked and bid prices.

Securities not listed upon any exchange are valued in the same manner as above based upon any available public quotation in common use or at a price estimated to be the fair value thereof.

Fair Value

Cash, short-term investments, interest receivable, dividends receivable, due to (from) Saskatchewan Development Fund Corporation, other payables, and payable for shares redeemed are valued at cost which approximates their fair market value.

Investment transactions and income

Investment transactions are accounted for on the settlement date. Interest income is accrued monthly and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated in accordance with the average cost method.

2. Status of the Fund

The Saskatchewan Development Fund (the Fund) was established as an open-end investment trust in 1974 pursuant to **The Saskatchewan Development Fund Act** and is managed under the auspices of the Saskatchewan Development Fund Corporation (SDFC) which performs the duties of trustee, custodian and manager for the Fund. On July 15, 1983, the Fund discontinued the sale of new shares and became a "discontinued open-end" investment trust.

3. **Investments**

Description	Rate	Maturity Date	Cost	Market Value
Federal, Provincial and Municipal Bonds				
British Columbia	6.250%	Dec. 1, 2009	$ 9,922	$ 9,719
British Columbia	6.000%	Jun. 9, 2008	20,970	19,220
British Columbia	5.700%	Jun. 18, 2029	16,808	17,260
Canada	6.000%	Sept. 1, 2005	205,512	203,940
Canada	7.250%	Jun. 1, 2003	24,749	24,756
Canada	5.500%	Sept. 1, 2002	44,868	43,384
Canada	5.250%	Dec. 1, 2001	300,112	299,364
Canada	5.500%	Jun. 1, 2009	426,530	401,528
Canada	5.750%	Jun. 1, 2029	555,113	534,860
Canada	8.000%	Jun. 1, 2023	20,604	20,451
Canada	5.500%	Jun. 1, 2010	607,952	586,555
Manitoba	5.750%	Jun. 2, 2008	56,752	53,951
Manitoba	8.500%	Jul. 22, 2013	76,009	87,075
Saskatchewan	5.500%	Jun. 2, 2008	174,067	162,519
Ontario	7.750%	Jul. 24, 2006	136,281	131,936
Ontario	6.500%	Mar. 8, 2029	84,206	74,806
Ontario	6.200%	Nov. 19, 2009	45,878	45,637
Ontario	8.000%	Mar. 11, 2003	57,673	54,340
Quebec	6.500%	Oct. 1, 2007	47,992	44,505
Quebec	6.000%	Oct. 1, 2029	28,419	25,723
Hydro Quebec	5.500%	May 15, 2003	45,376	43,695
New Brunswick	6.000%	Dec. 27, 2017	54,403	50,820
New Brunswick	8.750%	Apr. 19, 2005	55,003	50,416
			3,095,199	2,986,460

3. Investments (continued)

Description	Rate	Maturity Date	Cost	Market Value
Corporate Debentures				
407 International	6.050%	Jul. 27, 2009	17,971	16,972
407 International	6.470%	Jul. 27, 2029	15,935	14,509
Associated Capital	5.550%	Jun. 2, 2003	49,878	48,343
Bank of Nova Scotia	5.650%	Jul. 22, 2013	21,892	20,274
Bell Canada	5.650%	Dec. 12, 2002	43,101	42,216
Bombardier Inc.	6.400%	Dec. 22, 2006	31,372	29,394
Canada Trust	5.375%	Apr. 1, 2002	28,618	28,233
Canada Trust	5.125%	Nov. 1, 2002	26,523	26,101
Canada Trust	4.875%	Feb. 1, 2002	17,266	17,199
Canada Trustco	6.000%	Sep. 13, 2004	43,893	42,869
Canadian Pacific	6.650%	Jun. 1, 2005	9,980	9,924
Canadian Tire Corp.	5.700%	Jun. 9, 2008	15,948	14,827
Chrysler Credit	5.630%	Mar. 25, 2003	39,680	38,806
CIBC Visa	5.510%	Jun. 21, 2003	47,000	45,406
Citibank Canada	5.800%	Jul. 23, 2004	9,989	9,642
Ford Credit	5.640%	Apr. 23, 2003	47,000	45,493
GMAC Financial	5.650%	Jul. 24, 2001	39,904	39,621
GMAC	5.500%	Apr. 1, 2002	21,944	21,496
Greater Toronto Airport	6.450%	Jul. 30, 2029	17,958	16,267
Greater Toronto Airport	5.950%	Dec. 3, 2007	49,921	47,409
Hollis Trust	6.205%	Sep. 21, 2004	5,000	4,905
Merrill Lynch	6.500%	Nov. 18, 2002	9,994	9,994
Nav Canada	6.600%	Dec. 1, 2006	30,789	29,030
Nova	6.000%	Jan. 31, 2008	29,794	27,949
Royal Bank	6.750%	Jun. 4, 2012	42,892	39,868
TransCanada Pipeline	6.280%	May 26, 2028	20,000	16,990
West Coast Energy	5.700%	Apr. 16, 2008	30,017	27,811
			764,259	731,548

3. **Investments (continued)**

Equities

	Cost	Market Value
Bank of Nova Scotia (2,360 common shares)	$ 88,431	$ 73,278
Barrick Gold (830 common shares)	22,250	21,373
BCE Inc. (910 common shares)	24,019	119,346
Biomira Inc. (780 common shares)	6,922	4,446
Bombardier Inc. (1,920 Class B shares)	16,996	56,928
C-MAC Industries Inc. (590 common shares)	14,952	48,675
Cameco Corporation (1,105 common shares)	34,745	24,255
Cdn. National Railway (760 common shares)	30,699	29,032
Cdn. Natural Resources (850 common shares)	16,452	29,963
Canwest Global (914 sub voting shares)	4,938	14,898
Celestica Inc. (920 sub voting shares)	21,670	74,336
CINRAM International (770 common shares)	18,562	9,048
Dofasco Inc. (640 common shares)	16,767	18,240
Donohue Inc. (800 Class A shares)	5,755	20,960
Enerflex Systems Ltd. (450 common shares)	15,752	16,875
Imasco Ltd. (1,300 common shares)	18,003	51,935
Intertape Polymer (320 common shares)	12,654	13,056
IPSCO Inc. (1,025 common shares)	21,736	29,212
J. Penn West Pete Ltd. (590 common shares)	12,374	16,668
Loblaws Ltd. (540 common shares)	10,130	19,035
Magellan Aerospace (1,480 common shares)	13,047	9,990
Magna International Inc. (410 Class A shares)	36,400	25,215
North West Co. Inc. (660 Trust Units)	7,662	8,415
Nortel Networks (790 common shares)	13,991	115,221
Northrock Resources (730 common shares)	10,988	7,008
Petro Canada (1,150 common shares)	19,601	23,518
Power Corporation of Canada (1,070 common shares)	31,826	26,482
Power Financial Corporation (1,070 common shares)	16,443	25,680
Quebecor Inc. (580 Class B shares)	11,880	22,330
Quebecor Printing (650 common shares)	22,006	20,962
Royal Bank (1,050 common shares)	60,711	66,675
Royal Plastic Group (740 sub voting shares)	22,394	22,755
Sears Canada (980 common shares)	23,082	39,200
Shaw Industries Ltd. (980 Class A shares)	15,198	12,838
St. Laurent Paperboard (1,150 common shares)	21,422	22,137
Toronto Dominion Bank (870 common shares)	33,256	33,713
	773,714	1,173,698
Total Investments	$ 4,633,172	$ 4,891,706

4. Short-term Investments

Short-term investments consist of Government of Canada treasury bills and commercial bank deposits due on or before October 12, 2000 and carry an average interest rate of 5.05%.

5. Taxation

The Fund qualifies as a mutual fund trust under **The Income Tax Act** and is fully registered to administrate four types of equity accounts. These are registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and regular shareholder accounts.

6. Shareholders' Equity

a) Shareholders' equity includes the amounts representing the shareholders' net initial investments, reinvested earnings, realized gains or losses on sale of investments and unrealized appreciation or depreciation of investments.

b) The shares of the Fund are redeemable at the option of the holder in accordance with the provisions of **The Saskatchewan Development Fund Act** and with respect to the taxation status of the shareholder's account. The Fund is now a "discontinued open-end" investment trust and has taken on no new contributions since July 15, 1983 except where contractual arrangements had been made prior to July 15, 1983.

7. Net Asset Value per Share

The net asset value per share as at the end of the years indicated was as follows:

	Year ended December 31				
	1999	**1998**	**1997**	**1996**	**1995**
Net asset value per share	$ 9.09	$ 9.07	$ 8.83	$ 8.25	$ 7.67

8. Expense Ratio

The following is the ratio of all expenses of the Fund, expressed as a percentage of the average of the net assets calculated for the purpose of the redemption of shares of the Fund, as at each valuation date of the Fund:

	Year ended December 31				
	1999	**1998**	**1997**	**1996**	**1995**
Expense ratio	1.22%	1.15%	1.01%	0.98%	1.02%

9. Management Fees

SDFC recovers the costs it incurs in the management of the Fund by charging the Fund a management fee. This fee is limited by **The Saskatchewan Development Fund Act** to the lesser of 1¼% of the net value of the assets of the Fund or those corporate expenses directly attributable to the management of the Fund on an annual basis.

10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market under normal trade terms. These transactions and amounts outstanding at year end are as follows:

Category (as per financial statements)	1999	1998
Interest receivable	$ 765	$ 1,328
Interest income	11,063	49,149
Net realized gain on disposal	443	-

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

11. Uncertainty Due to The Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.